

**Limited Review Report
of
Tamilnadu Telecommunications Limited
For the quarter ended 31st December 2014**

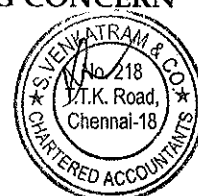
To

The Board of Directors,

Tamilnadu Telecommunications Limited,

Chennai.

1. We have reviewed the accompanying statement of the unaudited financial results of TAMILNADU TELECOMMUNICATIONS LIMITED, for the quarter ended 31st December 2014 except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. This statement is the responsibility of the Company's Management and has been approved by the Board of Director/ Committee of Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and an analytical procedure applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly we do not express an audit opinion.
3. Attention is invited to Note 2 in the Statement of Unaudited Financial Results for the quarter and nine months ended 31st December 2014 mentioning that the Company's financial statements have been prepared on "GOING CONCERN" basis. In our opinion, the concept of "GOING CONCERN" is no more valid as far as this Company is concerned having regard to the following:



- i. The accumulated losses as at 31.12.2014 stands at Rs. 8192.72 Lakhs as against the Share capital of Rs. 4567.62 Lakhs
 - ii. The net worth has been fully eroded and the Company has consistently made significant losses since the year 2011-12.
 - iii. The Company has incurred cash losses during the financial years ended 31.03.2013 and 31.03.2014.
 - iv. Due to single product manufacturing facility, company's growth is restricted, indicating the existence of a material uncertainty casting a doubt about the Company's ability to continue as a Going Concern.
 - v. The installed capacity of the Unit of the Company is 14073 (in RKM). The actual production for the year ended 31.03.2014 was 2724 (in RKM) indicating a capacity utilisation of 19.36%.
 - vi. Working capital cycle of the Company is large and those with support of backward integration to manufacture raw material will generally be able to withstand cyclic situation, which support the Company does not have.
4. In view of the above, we are of the opinion that the Company's accounts should NOT have been compiled on "GOING CONCERN" basis. Had the Company not followed GOING CONCERN ACCOUNTING, there would have been significant adjustments to the assets and liabilities as on 31st December 2014, which may result in further erosion in the Net worth of the Company. The impact of above on the accounts is not ascertainable at this stage.
5. Based on our review conducted as above, except for the matter stated in paragraphs 3 and 4 above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards notified pursuant to the Companies (Accounting Standard) Rules ,2006 which continue to apply as per Section 133 of the Companies Act ,2013 ,read with Rule 7 of the Companies (Accounts) Rules ,2014, and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S. VENKATRAM & CO.,
Chartered Accountants

FRN: 004656S



R. VAIDYANATHAN
Partner
M.No.18953



Place: Chennai
Date: 13th February 2015